

Strauf's Cafe

Market Expansion

Project Proposal & Executive Summary

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STRAUF'S MARKET RESEARCH PROPOSAL

Problem Statement

Strauf's Coffee, a cafe located near The Ohio State University, is considering extending its current operating hours from 6am-3pm to 6am-midnight, and adding alcohol to its menu in order to attract a broader customer base. This study will assess the potential increase in revenue from alcohol sales. The research aims to evaluate customer demand, competitive positioning, and financial viability to support and informed and data-driven decision decision-making process.

Objectives

1. Identify total market size for target demographics--students 21+ living within walking distance (5-20 minutes) of the cafe, as well as faculty, residents, and nearby workers.
2. Assess market saturation and opportunity for market development by evaluating potential competitors in terms of both quantity (number of competitors) and quality (customer satisfaction with competitors).
3. Determine market demand by collecting feedback from current and potential customers, and cafe employees.

Research Methods

1. Customer Survey

Objective: Gather quantitative and qualitative data on customer interest and preference in extended hours, alcohol sales, pricing, and environment. Determine baseline Net Promoter Score (NPS) for evaluating customer segments and estimating the impact of expansion.

Strategy: Target current customers using a QR code at checkout and flyers within the cafe. Target sample size is 300 valid respondents.

Example survey questions:

1. How likely would you be to visit our coffee shop in the evening if we offered alcoholic beverages? (Likert scale)
2. What kinds of alcoholic beverages most interest you? What is your ideal price range?

2. Market Analysis

Objective: Evaluate the competitive landscape to understand market saturation, pricing, offerings, and peak hours.

Strategy: Research other bars/pubs within a 20-minute walking radius of Strauf's. Analyze their pricing, hours of operation, ratings, and popular hours, and present the findings in a detailed comparison table.

3. SWOT Analysis

Objective: Evaluate how Strauf's fits into this market by assessing internal and external factors. This will help us determine strategic positioning and readiness for expansion.

Strategy: Conduct SWOT analysis to identify key strengths, weaknesses, opportunities, and threats that could impact the success of the expansion.

4. Passive Listening

Objective: Gain insight into the target customer base for evening alcohol service, focusing on demographics, behavioral patterns, and potential interest in late-night offerings.

Strategy: Collect data from Yelp, Google reviews, local news articles, and social media about coffee shops within a 30-minute walking or 10-minute driving radius. Machine learning models will be applied to analyze the data. Supplement findings with demographic data from OSU.

Timeline

Week 1	Survey and quantitative data collection
Week 2	Market research and SWOT analysis
Week 3	Passive listening and financial feasibility study
Week 4	Final research report

EXECUTIVE SUMMARY

Problem

Strauf's Coffee, a cafe located near The Ohio State University (**61,000+ students**) is considering extending its operating hours from 6am-3pm to 6am-midnight, and adding alcohol to its menu to attract a broader customer base.

Objective

Determine the viability of expanding offerings and operating hours by analyzing market size, saturation, and demand.

Project Description

Determined customer demand for extended cafe hours (**74%**) and alcohol offerings (**61%**) through collection of 300 potential customer surveys and analysis of reviews from competitors with similar offerings. Assessed the current competitive landscape and employed SWOT analysis to determine strategic positioning and readiness for expansion.

Value Added

74% of respondents expressed interest in expanded hours and offerings, and **61%** indicated they would be more likely to visit the cafe during even hours if alcohol were served. Student enrollments at OSU are growing by **~2% per year**, representing an expanding market and strong conditions for expansion. Alcohol sales are also predicted to experience the most significant growth among Gen Z consumers between now and 2034; though **half** of Gen Z consumers also indicate they sometimes prefer non-alcoholic options, supporting benefits of a dual-concept business. Foot traffic data also shows that foot traffic peaks between 6p-9p and remains moderately high through midnight, indicating active base of potential customers.

Target Market

The primary target market includes OSU graduate students (**14,000+ individuals**) and undergraduates above the age of 21 (**35,000+ individuals**). The secondary market includes OSU faculty, as well as residents and young professionals within walking distance of the cafe.

Competition

There are **12** establishments serving alcohol within a 20 minute walking radius. Of these, **3** are similar dual-concept coffee and bar locations, two of which operate during late-night hours on weekends only. Reviews show high ratings, with customers indicating preference for flexible spaces with good ambiance.

Risks/Opportunities

Risks: saturated market; alcohol consumption among young adults has decreased by 10% over the past two decades; 65% of young adults view alcohol consumption negatively

Opportunities: a growing student population is seeking casual, social evening venues; extended hours and higher-margin alcohol sales may increase profits

Conclusion

Customer reviews highlight centrality of drinks to the overall customer experience (**45%**) and the quiet, intellectual atmosphere. As such, Strauf's should consider a targeted, brand-consistent expansion that preserves this ambiance through tactics such as introducing a rotating selection of wine or craft beers after 5p; using terms such as 'Evening Brews' that align with the expectations of Strauf's clientele, avoiding loud music or nightlife-style lighting, and beginning with a pilot study A/B testing the impact of select alcohol offerings on foot traffic and sales.